GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:3055
ANSWERED ON:18.12.2008
COMMITTEE TO STUDY DIFFICULTIES FACED BY AIRLINES
Tripathy Shri Braja Kishore

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government has set up a Committee to help and save airline industry from surging fuel costs and other difficulties faced by airlines;

(b) if so, the details thereof;

(c) whether the said Committee has submitted their report;

(d) if so, the details of the recommendations made therein; and

(e) the action taken by the Government on such recommendations?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a):- Yes, Sir

(b):- Government has constituted a committee under the Chairmanship of the Cabinet Secretary comprising of Finance Secretary; Secretary, Ministry of Civil Aviation; Secretary, Department of Revenue; Secretary, Ministry of Petroleum & Natural Gas; Secretary, Planning Commission; Dr. Deepak Parekh, Chairman, HDFC; Dr. Raghuram, Professor, IIM, Ahemadabad to examine various issues relating to the current financial crisis being faced by domestic airlines. Two meetings of the committee have been held on 14.08.2008 and 18.11.2008 respectively.

(c):- No, Sir. However, the Committee has made certain recommendations based on issues discussed in the meetings. The following issues inter-alia were discussed.

Impact of rising prices of Aviation Turbine Fuel (ATF) on Airlines losses, Rationalization of Sales Tax on ATF to bring it to declared goods status, Removal of Custom Duty on ATF, Import of ATF by Airlines, Pricing of ATF by Oil companies, Allowing Private Domestic Airlines to operate on international routes, Foreign Direct Investment in Air Transport Sector.

(d):- The Committee has inter-alia made following main recommendations:-

package of financial relief should be worked out, re-examination of mechanism used by oil companies for pricing of ATF, re-examination of the issue of custom duty on ATF, import of ATF by airlines, reduction of sales tax on ATF.

(e):- On the recommendations of the Committee, following steps have been taken to help the aviation industry.

(1) Custom duty on import of ATF has been abolished,

(2) The Oil Companies have been reducing ATF prices since September, 2008,

(3)The Oil Companies have staggered the dues of Airlines over six months,

(4)The Oil Companies have also extended the credit period.